ARIZONA STATE BOARD FOR CHARTER SCHOOLS

CHARTER SCHOOL APPLICATION RECOMMENDATION REPORT 2017

NOVEMBER 20, 2017

New Charter Application for the operation of

New Horizon High School

Submitted by

New Horizon Youth Homes, Inc.

Report Summary

			Recommendation:	Approve	
Applicant Name:	New Horizon Youth Homes, Inc.				
Proposed School Name:	New Horizon High School				
Grades Served Year 1:	9	Grades Served Year 2:	9-10	Grades Served Year 3:	9-11
Location:	Within 10 miles of the intersection of Baseline Road and Kyrene Road in Tempe, focused on an area bounded by Interstate 10 on the west, Eliot Road on the south, SR-87 on the east, and University Drive on the north.				
Mission Statement:	Our mission is to enable our students to realize their unique talents while mastering core academic skills and developing the social-emotional strengths required for student success in the 21st century.				

Section Scores

A substantively complete application package meets the following scoring requirements:

- No evaluation criteria receive a score of falls below the expectations; and
- No more than one evaluation area in each section is scored as approaching; and
- 95 percent of the evaluation areas in each plan (educational, operational, business) score at the meets level.

	Preliminary TRP Scores		Revised TRP Scores	
Any falls below the expectations ratings?	No		No	
More than one evaluation area in each section scored approaches?	Yes		Yes	
		Section Score		Section Score
Educational Plan Score ≥ 95%?	No	92%	Yes	100%
Operational Plan Score ≥ 95%?	No	39%	No	87%
Business Plan Score ≥ 95%?	No	69%	No	93%

In-Person Interview Summary

Three of the four members of the Applicant team were present at the Capacity Interview and were able to respond readily to questions about all areas of the application. The TRP was impressed by the description of the educational plan, and by the Applicant's ability to describe how implementation of the program of instruction would meet the needs of the target population in a way that was not readily available among the educational options currently available in the target area (Capacity Interview 14:30; 16:35). The experience of the Applicant team in working with at-risk youth in the community, and their description of how that experience can be combined with the curricular and structural elements of the school to improve outcomes, was compelling to the TRP (Capacity Interview 18:00).

The TRP had significant concerns about the corporate structure of the Applicant, and the apparent confusion in the application between the parent company New Horizon Youth Homes, Inc. (NHYH) and its subsidiary, New Horizon High School, Inc. (NHHS). The Applicant team clarified that their intent was that the subsidiary, NHHS, would hold the charter and operate the school, that following the initial start-up period the boards of the parent and subsidiary would have only one common member (Mr. Granado), and that the financial

controls of the two companies would be kept separate and transparent (Capacity Interview 25:12). They also clarified that NHYH would provide back-office business support to NHHS as a contracted service (Capacity Interview 28:30). These answers addressed the concerns of the TRP regarding the corporate structure. The Applicant team also addressed concerns regarding revenue projections in the budget, and described adjustments that would be made to address these concerns (Capacity Interview 53:15).

TRP Qualitative Analysis Summary

The TRP recommends that the revised application package be approved because the educational plan is academically rigorous and incudes structural supports in the curriculum, schedule, and intervention plan that should benefit the target population; the Applicant team demonstrated, in the Capacity Interview, capacity to implement the program; the operational plan, with the exception noted below, is detailed and thorough; and the business plan is conservative and supported by the resources of the existing social service organization.

New Horizon High School plans to serve the significant number of low-income and academically challenged teens in Tempe, west Mesa, north Chandler, and southwest Phoenix who have few educational options in the area targeting their needs. NHHS proposes a program of education that includes a research-based curricular framework that has been successful with a similar demographic, a structure that provides extended learning opportunities and data-driven interventions, and opportunities for internships with local businesses and partnerships with community colleges to facilitate continuing post-secondary education. The proposed school leader has extensive experience leading charter schools targeting a similar demographic, and impressed the TRP during the capacity interview with her knowledge and thoroughness.

While the business plan missed the threshold for meeting the criteria by two percent, the issues were restricted to some errors in calculating State revenue. These did not impact the overall viability of the plans, and were satisfactorily addressed by the Applicant during the Capacity Interview.

The primary concern of the TRP is with the operational plan, which did not meet the criteria set by the Board. The primary issue is that the entity listed as the Applicant (New Horizon Youth Homes, Inc. or NHYH) is not the entity for which all the required documentation was submitted; bylaws and articles of incorporation were also submitted for New Horizon High School, Inc., a subsidiary of NHYH, which acts as the sole corporate member. New Horizon Youth Homes is an existing non-profit with 15 years of experience operating 8 residential youth homes around the Valley, and operational and financial support of the organization will provide strong support in helping the school weather any difficulties in the early years. Aside from the entity issue, the operational plan was deemed sound and viable. As described in more detail in the Operational Plan section (See Recommendation Report, pages 5-6), the TRP recommends approval of the application under the condition that the entity approved to hold the charter is NHHS, rather than NHYH.

Educational Plan

	Preliminary TRP Scores				Revised TRP Scores			
Educational Plan Score ≥ 95%?	No	33	Of	36	Yes	36	of	36
Number of "Falls Below" ratings	0				0			
Number of "Approaches" ratings	3				0			

Plan Summary

The Applicant proposes serving a high-needs population that largely qualifies for Title I funding through using the Talent Development Secondary Blueprint (TDS) model developed at Johns Hopkins University. This model features backwards planning, double-dosing in math and English Language Arts (ELA), extended class periods, student-centered lesson plans reinforced with teacher and student modeling and role-playing, and a multi-tiered student support system to identify students in need of intervention.

The target population of high school students is about 50% Hispanic and 10% African-American, with about 20% eligible for Free or Reduced-Price Lunch (FRL). About 2% of students in surrounding high schools are identified as English Language Learners (ELL). The Applicant states that there are few charter high schools in the area targeting underserved populations. To address the needs of these students, the TDS model provides a researched-based curriculum that can be purchased on an a la carte basis, providing flexibility to the applicant in addressing the specific needs of their population (Capacity Interview 19:18). The class size (25 students) and student-teacher ratio of 25-1 is designed to allow the cultivation of relationships between students and staff.

The core curriculum of New Horizons High School (NHHS) will be based on the TDS framework. The ELA curriculum will emphasize the universal themes in world and multicultural literature with an emphasis on critical reading skills. The diversity of the student body will be partially addressed through the Facing Our History, Facing Ourselves curriculum that connects the academic and ethical dilemmas of past and current events. Additionally, teachers will select reading materials that reflect a wide variety of diversity including gender, race, ethnicity, and sexual orientation. An extended class period of 90 minutes (60 on Wednesday) will provide sufficient time for in-depth instruction, collaboration, exploration, and reflection. Students have time to work cooperatively on assignments and projects. School leadership will ensure that all ELA and Math classes are aligned to Arizona Standards.

NHHS classroom assessments will follow the TDS Blueprint for assessments. Some common types of formative assessment strategies are task-specific rubrics, checklists, informal quizzes, activity sheets, journal entries, observation notes, exit slips and informal presentations. In addition to annual State Assessments, NHHS will use NWEA MAP Benchmark assessments to measure student achievement over the course of the school year as well as classroom summative and formative assessments to gather and analyze performance data in order to make informed decisions in relation to students' mastery, establishing, developing and modifying curriculum resources.

Analysis

The educational plan meets the criteria for approval because the Applicant has identified a curriculum and instructional methodology that is appropriate for meeting the projected needs of the target population.

NHHS intends to use the TDS curricular blueprint developed by Johns Hopkins University (Educational Plan A.3: Program of Instruction, page 2). This model has been in use since 1994 and is currently implemented in

14 states, and meets the Every Student Succeeds Act's (ESSA) top two levels of evidence-based effectiveness (www.tdsschools.org). This curricular model is appropriate for a new school because it provides both curriculum that can be purchased off the shelf on an a la carte basis, addressing the demands of a newly hired staff, and a framework for adapting and developing curriculum targeting the specific needs of the school population determined through assessment and observation (Capacity Interview 19:18).

The TDS framework also includes methods of instruction appropriate to a successful school addressing the needs of the targeted population. The 90 minute class periods provide time for varying activities, including direct instruction, cooperative learning, project-based learning, and team and individual practice supported by the teacher. The model includes a monitoring and intervention system, the Multi-Tiered System of Supports (MTSS), which provides a structure for gathering and reviewing student data, and providing differentiated interventions to address gaps. The framework's Early Warning Indicator process adds monitoring of each student's attendance and behavior to the analysis of class performance in order to ensure timely support is provided (Educational Plan A.3: Program of Instruction, page 5)

The Applicant's assessment plan, including the formative and summative assessments of the TDS framework, benchmark assessments using NWEA MAP, and State End of Course (EOC) assessments, provide sufficiently varied and frequent feedback to address the needs of individual students and to allow the leadership and faculty to make adjustments through the school's Academic Systems Plan (Educational Plan A.3: Program of Instruction, page 6).

The Applicant is an organization with extensive experience with the social, emotional, and behavioral needs of the target population, but has not previously had direct experience addressing their academic needs (Capacity Interview 4:00). The TRP found that the inclusion of Amanda Patrie, with her experience in leadership of schools addressing a similar population, to provide the capacity needed to lead NHHS through the start-up period and initial years of operation, but suggests that the sustainability of the enterprise would be improved by the timely development of a team of experienced educators committed to the program of instruction (Capacity Interview 8:15).

Operational Plan

	Preliminary TRP Scores				Revised TRP Scores			
Operational Plan Score ≥ 95%?	No	9	of	23	No	20	of	23
Number of "Falls Below" ratings	0				0			
Number of "Approaches" ratings	14				3			

Plan Summary

The corporate board of New Horizons High School, Inc. (NHHS Board) shall be the governing body, making policy decisions for the school. NHHS is a subsidiary of NHYH, which is its sole corporate member. As such, the board of NHYH appoints members of the NHHS board, and retains approval rights over certain governance decisions and large financial transactions (Operational Plan B.1: Applicant Entity, page 5).

The NHHS board, as governing body, shall have authority over school policy and operational decisions. The founding NHHS Board will ensure an adequate Board size with a healthy mix of Board members affiliated with the sole member and those representative of the School's proposed community. NHHS faculty, staff, or Parents Association officers may serve on NHHS Board committees or task forces -but not as NHHS Board members (Operational Plan B.2: School Governing Body, page 4). The NHHS board shall oversee the School Principal, who will be the executive officer of the school and shall supervise and control all of the business and academic affairs of the school (Operational Plan B.1: Applicant Entity, page 3). As the school grows, the Principal will be assisted by an Assistant Principal, and Office Manager, and a School Transformation Facilitator, who will oversee implementation of the instructional model and curriculum.

The NHHS board will contract with service providers in the following areas: accounting, auditing, security, human resources and payroll, custodial, legal, information technology, and special education.

Analysis

The operational plan of the Applicant approaches the Board's criteria for approval because the name of the Applicant entity listed on the Title Page of the Application (New Horizon Youth Homes, Inc., or NHYH) did not match the entity for which documentation was submitted in Operational Plan B.1 Applicant Entity, which were for New Horizon High School Inc. (NHHS), a subsidiary of NHYH. It became clear to the TRP through the interview process that the Charter Principals always intended the charter holding entity to be NHHS (Operational Plan B.1: Applicant Entity page 1; Capacity Interview, 26:10*).* The TRP recommends approval of the charter on the condition that the charter be awarded to NHHS, for which sufficient documentation was provided, rather than to NHYH, for which sufficient documentation was not provided.

A strength of the operational plan is that the sole corporate member, NHYH, has been in operation since 2001, operates 8 youth residential homes around the Phoenix metro area, and has over 200 staff members, including 15 administrative staff. This structure will be available to support the start-up and initial operation of NHHS, including Ms. Leon, with experience in operations management, marketing, and board development (Operational Plan B.1: Applicant Entity, page 6). However, the Applicant recognizes the need for independence and transparency in the operation of the school –

during the interview, the Applicant stated that invitations to the NHHS board would be extended within two weeks of the approval of the charter contract, and that once established, only Mr. Granado would serve on both the NHYH and NHHS boards (Capacity Interview 30:05). The Applicant also stated that the organization's accountants were in the process of ensuring that there would be no comingling of funds between NHYH and NHHS (Capacity Interview 25:15).

Business Plan

	Preliminary TRP Scores				Revised TRP Scores			
Business Plan Score ≥ 95%?	No	21	of	29	No	27	of	29
Number of "Falls Below" ratings	0				0			
Number of "Approaches" ratings	8				2			

Plan Summary

Proposed Location: Within 10 miles of the intersection of Baseline Road and Kyrene Road in Tempe. The applicant provided examples of two currently available facilities that would meet their requirements:

- *8058 S. Priest Dr., Tempe between Guadalupe Rd. and Eliot Rd.*
- *10027 S. 51st St., Phoenix between Guadalupe Rd. and Eliot Rd.*

Facilities Requirements:

Year 1: 100 students, 1 grade, 8 classrooms, plus administration office and cafeteria/gym room. 4,000 sq. ft. – 11,000 sq. ft.

Year 2: 200 students, 2 grades, 15 classrooms, plus administration office, cafeteria/gym room, computer lab and activity room. 10,000 sq. ft. – 17,000 sq. ft.

Year 3: 300 students, 3 grades, 22 classrooms, plus administration office, cafeteria, 2 computer labs, 2 activity rooms, and gym/weight room. 22,000 sq. ft. – 27,000 sq. ft.

Budget Summary

	Startup Period	Year 1	Year 2	Year 3
Projected Enrollment:	n/a	100	200	300
Total Revenue:	350,000	950,719	1,548,276	2,350,811
Total Expenditures:	164,281	932,443	1,492,465	2,006,690
Ending Balance:	185,719	18,275	55,810	344,121

The Business Plan includes a detailed facility acquisition plan that identifies a viable timeline for opening a school. The plan calls for a site with 20,000 square feet of leasable space, located in a residential area near a major artery and with access to public transportation. The plan provides two currently available options, both near the southwestern edge of the targeted area (Business Plan C.1: Facilities Acquisition).

The Marketing and Promotion plan (Business Plan C.2: Marketing and Student Enrollment) includes a viable plan for enrolling the planned number of students each year through traditional and social media, outreach to community organizations, partnering with charter middle schools in the target area, postcard mailings and door hangers, and other varied strategies. The plan calls for a conservative growth strategy of starting with 100 students in 9th grade, and adding a grade each year.

The personnel section describes a plan for recruiting 5 highly qualified teachers and other staff members for the initial year, and growing in subsequent years with school enrollment and grades offered (Business Plan C.3: Personnel). The plan includes recruitment through online and in-person venues, contacts with colleges of education, social media, and word of mouth. The plan also describes a timeline for interviewing, screening, hiring, and training staff timely for the opening of the school. The compensation package described offers a salary that is competitive with surrounding districts and charter schools.

The start-up budget includes revenues of $350,000 from a loan provided by NHYH. NHYH will also cover all personnel costs for the start-up period. The budget includes funding for teacher recruitment, facilities,

information technology, curriculum and resource materials, instructional consumables, office supplies, furniture, and marketing in viable amounts. The start-up budget of $165,000 will leave $185,000 as carryover to support the school during its first three years of operation (Business Plan C.4: Start-Up Budget).

Analysis

The business plan approached the criteria for approval because, while sound, the revenue projections used in the Three Year Operational Budget did not represent amounts that would have come from State revenue worksheets. The budget assumptions indicated that the budget was calculated based on 90% enrollment, but the revenue figures only balanced when much closer to 100%. During the interview, the Applicant described a number of specific adjustments to the budget to bring it into balance at 90% enrollment. The Applicant also stated that the budget did not include any revenue from grants, which have been applied for (Capacity Interview 53:11).

While the application provides several different descriptions of the target area, and the two facilities identified in the area near Interstate 10 between Eliot and Guadalupe in Tempe, during the interview the Applicant stated that the optimal area for the would be in close proximity to Mesa Community College, which has a large underserved population and limited charter options (Capacity Interview 58:18).

An area of concern to the TRP was the personnel plan. The plan includes competitive salary levels, and offered a generous signing bonus. However, as one of the adjustments to address the revenue issues described above, the signing bonus was cut in half (Capacity Interview 55:00), possibly reducing the ability of the school to attract teachers with the experience necessary to effectively implement the program of instruction. During the interview, the Applicant described an intention of participating in the Arizona State Retirement System (ASRS) as an incentive for attracting teachers with district experience. However, the budget does not include funding for ASRS or any retirement contribution matching (Capacity Interview 1:07:38). The Applicant did indicate that this was contingent on receiving the grant funding that had been applied for.

Overall, the TRP felt that despite the issues with the revenue and concerns about staffing, the plan was sufficiently thorough and viable to warrant a recommendation to approve the application package. This is buttressed by the stated willingness of NHYH to support the school operationally (Capacity Interview 28:30) and financially (through the initial start-up loan and willingness to extend repayment terms (Capacity Interview 55:40)).

Evidence of Capacity

Applicant Summary

Name	Role	Attended Interview?
Thomas Granado	Authorized Representative, Charter Principal	Yes
Mindy Leon	Charter Principal	Yes
Amanda Patrie	School Governing Body Member, School Leader	Yes
AMee Vermeire	Charter Principal	No

Analysis

The TRP finds that the Applicant has the range of knowledge, skills, and experience needed to open and operate a high quality school because the team includes members with complementary skills in academics, operation, and finance, experience in serving the target population, and a very evident passion for meeting the needs of teens who may not be successful in a traditional high school.

The Application has a solid and well targeted program of instruction. The core curricular model is one that has a research base and has been implemented in other states, but has not been used yet in Arizona. The course offerings, calendar, and daily schedule are designed with intentionality to address the learning patterns of many students in the target population. As the designated school leader, Ms. Patrie has many years of experience working in charter and district schools with a population similar to the targeted one in the Application. She describes a plan that has both rigor and flexibility, and understands the challenges of implementing that plan in a start-up school.

Mr. Granado and Ms. Leon, as operators of a social service organization serving high-school-age clients for over 15 years, bring operational knowledge and skills, including experience dealing with State regulators and funding agencies. They describe the mission of NHHS as a natural outgrowth of the mission of NHYH, but understand that likely few of the residential clients of NHYH will be students of NHHS.

Throughout the Capacity Interview, all members of the applicant team were engaged and provided in-depth answers related to their respective areas of expertise. These answers allayed the concerns raised by the review of the written application, and provided the TRP with comfort in recommending approval of the Application.